News Release

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S&P Global Greece Manufacturing PMI®

Modest upturn in manufacturing performance as demand is sustained in June

Key findings

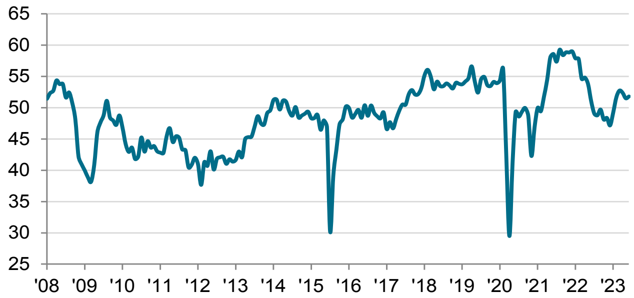
New orders growth quickens, supporting rise in output

Further, albeit slower, declines in input costs and output charges

Drop in purchasing as safety stocks wound down

Greece Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 12-23 June 2023.

The performance of the Greek manufacturing sector continued to improve in June, according to the latest PMI® data from S&P Global. The overall expansion was modest as output and new orders rose further. The uptick in demand was sustained among domestic and external customers, but new export orders grew at a softer pace. Greater new order inflows supported another round of hiring in June as stronger sales impeded the rate at which manufacturers cleared their backlogs of work. Although demand conditions strengthened, firms cut their input buying as companies sought to work through their safety stocks.

Meanwhile, input prices and output charges declined for the second month running. Some reports of material shortages and favourable demand conditions led to the paces of decrease softening, however.

The seasonally adjusted S&P Global Greece Manufacturing Purchasing Managers' Index® (PMI®) posted 51.8 in June, up slightly from 51.5 in May. The latest data signalled a moderate upturn in the health of the Greek manufacturing sector, and one that was stronger than the series trend.

Contributing to the overall expansion at Greek manufacturers was a stronger rise in new orders at the end of the second quarter. The pace of growth quickened from that seen in May and was relatively solid overall. Where panellists noted greater new sales, this reportedly stemmed from increased demand among domestic and foreign customers.

New export orders rose for the fourth month running, albeit at only a marginal pace. The rate of growth was stymied by some reports of customer hesitancy in European markets.

Nonetheless, the sustained uplift in demand led to a fifth successive monthly upturn in production at Greek manufacturers in June. Output grew at a solid pace, despite the rate of increase slowing to a four-month low. Some firms also attributed the expansion to the diversification of products which drove new client wins.

Comment

Siân Jones, Principal Economist at S&P Global Market Intelligence, said:

"Continuing to buck the wider Eurozone trend, Greek manufacturers recorded another monthly expansion in production. The health of the sector improved again, as new order growth quickened, spurring on further job creation. Companies did, however, run down their safety stocks at sharper rates as buying activity fell.

"Prices fell again in June, although material shortages and a poorer performance from vendors led to a slower fall in costs compared to May. At the same time, selling prices dropped only fractionally, suggesting the goods inflation could prove sticky.

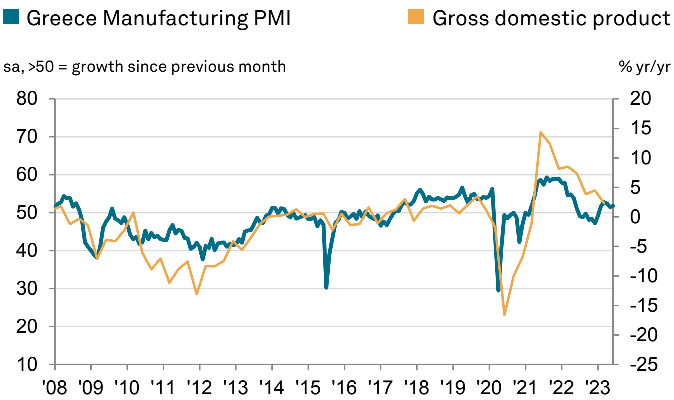
"Headwinds to growth began to exert themselves on expectations for the year ahead in June. Softer growth in new export orders bore out concerns among firms regarding hesitancy among European clients, and dampened business confidence. Our current forecast anticipates broadly stagnant industrial production in 2023."

At the same time, Greek goods producers registered further falls in input costs and output charges in June. Rates of decline slowed from those seen in May, however, as some pressure on cost burdens came from material shortages which was also reportedly behind a renewed deterioration in vendor performance. Nonetheless, operating expenses were reduced amid lower energy and transportation costs. The decrease in selling prices was only fractional as a favourable demand environment allowed some firms to pass through previous rises in costs to clients.

Amid reports of some material shortages and a renewed decline in supplier performance, firms reduced their input buying in June. Many noted efforts to run down safety stocks as pre- and post-production inventories fell at the fastest rates for five and eight months, respectively.

Greater new orders sparked a further round of job creation at Greek manufacturers in June. Firms sought to boost capacity amid the slowest reduction in backlogs of work for over a year. The rate of employment growth was solid overall and quickened from that seen in May.

Output expectations among Greek manufacturers remained upbeat at the end of the second quarter. Predictions of greater output over the coming year were pinned on positive developments regarding government funding plans and hopes of renewed strength in the global demand environment. The degree of confidence slipped to a five-month low, however, amid some concerns surrounding demand from European customers.



Sources: S&P Global PMI, National Statistical Service of Greece via S&P Global Market Intelligence.

Contact

Siân Jones
Principal Economist
S&P Global Market Intelligence
T: +44-1491-461-017
sian.jones@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0)-7967-447030
sabrina.mayeen@spglobal.com

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Survey methodology

The S&P Global Greece Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 1999.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. ihsmarkit.com/products/pmi.html.

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